MAY 19
1980

S&MM
SALES MARKETING MANAGEMENT

MAY 19, 1980
A BILL PUBLICATION
TWO DOLLARS

Inside Out

Industrial marketing. It's a new ball game at Owatonna Tool now that two sales management teams have been combined. Page 11.

Books and L'eggs. To make the most of its entrée with retailers, Hanes tests selling children's books. Page 13.

Incentives at Swank. After shunning sales incentives for a decade, the marketer of men's accessories awaits the fruits of a "money tree." Page 18.

Bracing for a showdown. Can office-products dealers withstand the onslaught of IBM and Xerox into retailing? Just ask 'em. Page 18.

Media winners. The Peoria *Journal Star* and the San Diego *Union/Evening Tribune* take top honors in S&MM's Selling with Data Contest. Page 23.

Sales careers. For a hint of the future, look at how women fare in Pi Sigma Epsilon. Page 38.

Consumer heal thyself. The latest trend to do-it-yourself is in medical products. Page 98.

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Once a bargain-basement mascara company, the Schering-Plough subsidiary has become a leading full-line cosmetics marketer and is keeping such competitors as Revlon, Noxell, and Max Factor on their toes. Helping Maybelline change from schlock to slick is the largest advertising budget in mass-market cosmetics. Article begins on page 33.

AN S&MM SPECIAL SECTION

Making industrial advertising $$$$ pay

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MARKETING REORGANIZATION

General Foods splits marketing and sales

Page 10.

SALES ADVICE FROM DR. PAUL MOK

Getting 'in sync' with the custom

Page 42.

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SILVER SPRING MD 20910

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What's coming up

An S&MM Special Report: Selling With Your Back to the Wall. A guide for surviving the ravages of inflation *and* the recession in such vital areas as pricing, inventories, managing the sales force, and selling costs. June 9.

An S&MM Special Section: Cooperative Advertising. When manufacturers and retailers combine their promotional resources, both parties get more for their money—if they do it right. Includes an exclusive S&MM survey of marketers who use co-op ads. July 7.

Olivetti. Its fortunes in the U.S. office-equipment market sagging, the Italian company picks a woman to put its sales here back on course. July 7.

1980 Survey of Buying Power. Our annual survey of population change, retail sales, and household income presents the statistics pointing the way to consumer behavior. July 28.

VOL. 124, NO. 7

S&MM [Sales & Marketing Management. ISSN 0163-7517], a Bill publication, is published monthly except in February, April, July, and October, when it is published twice a month. Controlled circulation postage paid at New York, NY 10001, and East Stroudsburg, PA 18301. Form 3579 requested at 633 Third Ave., New York, NY 10017. Executive, editorial, and circulation offices: 633 Third Ave., New York, NY 10017. SUBSCRIPTIONS: U.S.A. and Canada, $30 a year. Foreign, $48. Allow 4 to 6 weeks for first issue to arrive. Member of the Audit Bureau of Circulations, American Business Press, Business Publications Audit of Circulation, and Magazine Publishers Assn. © Copyright S&MM [Sales & Marketing Management], 1980. All rights reserved.

ABP ABC BPA

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Cover photo by Joe Bevilacqua; with special thanks to S&MM's Sales Coordinator Phyllis Badinger

ple, including the predominantly female service force, sell directly to most customers—except for chains with central purchasing offices. Judging from his experience with L'erin, Dearman predicts that in only a few cases will extra salespeople have to be added to accommodate the extra products.

Will there be more products to take advantage of L'eggs' entrée into retail stores? Dearman's reply: "If something comes along."

SALES INCENTIVES

Swank's sales grow on trees

After an absence of more than a decade, sales incentives are back at Swank. A test has shown the New York City marketer of fragrances, leather accessories, belts, jewelry, and gifts that incentives do get its salespeople to sell all product lines, rather than concentrate on those that are easiest to sell.

The theme for the current incentive program, which Swank developed with its ad agency, Shaller Rubin Associates, is a "money tree." All 130 salespeo-

Vise explains incentive program at Swank's national sales meeting.

S&MM BAROMETER

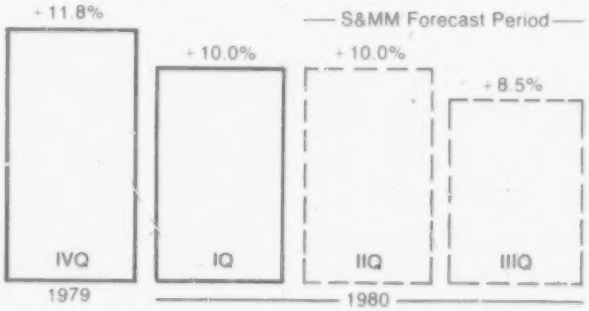
To save on field selling costs, camp out

Actually, things could be worse—while the Consumer Price Index (CPI) ballooned 14.3% in the first quarter, basic field selling costs (meals, lodging, and auto rentals) rose at a significantly slower 10.0%. This is remarkably close to S&MM's predicted 10.7% increase (S&MM, Nov. 1979). Hotel rates continue to be the villain, skyrocketing 16.2% over the year-ago period. Stable food prices helped keep meal tabs to a modest 10.0% rise. But auto rentals are up only 4.7%.

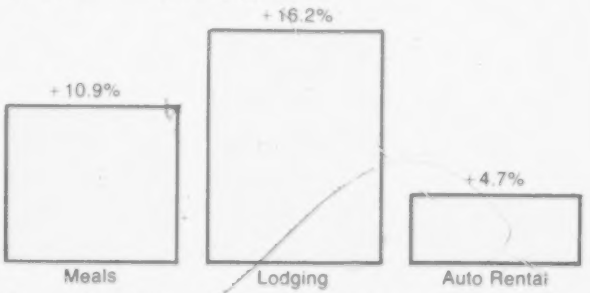
Looking ahead, S&MM sees field selling costs adhering to their 10% pace in the second quarter. Meal prices will move up a little faster, but decontrol of domestic oil will nudge car rentals upwards at a brisker rate. However, recession-induced cutbacks in business travel should start having a moderating effect on hotel-room charges.

In the third quarter, the negative state of the economy should have a more pronounced effect on field selling costs, holding them to an increase in the 8.2%–8.7% range.

% change in field selling costs vs. year-ago period



% change, in field selling cost components in 1980 first quarter



Sources: S&MM calculations, Bureau of Labor Statistics

Sales & Marketing Management

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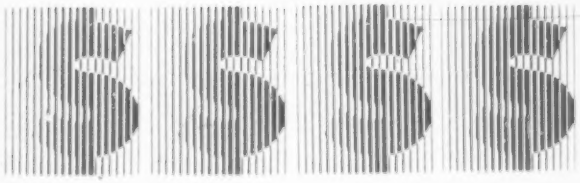
Making industrial advertising  *pay*

Sales executives of industrial companies overwhelmingly favor advertising, so much so that a majority would like to see their companies do more of it. But making ads pay requires teamwork among sales, marketing, advertising, and communications managers—and that doesn't always come naturally.

Making industrial advertising $$$$ pay

AN EXCLUSIVE S&MM SURVEY REVEALS

How industrial sales executives use–and view–advertising

By SALLY SCANLON
Senior Editor

Many advertising executives believe that industrial sales managers don't appreciate advertising. Given the choice, they say, sales managers would empty the ad coffers and spend the money to hire more salespeople and beef up local promotions.

Nothing could be farther from the truth. A recent survey of 1,000 S&MM readers finds that 88% of industrial companies advertise, and the sales executives of 96% of them believe that advertising supports their field sales effort. Moreover, 81% say their field sales representatives use advertising in their presentations to prospects and customers, and 63% favor an increase in their company's ad spending. (See highlights, right.)

In fact, asked how their company's advertising program could be improved, sales and marketing executives replied that they want *more*—more advertising, bigger ad budgets, increased frequency of ads, better targeted ads, and even more input from field sales managers to insure more and better coverage of local markets.

The survey, mailed in March, asked marketers about such things as their ad spending plans for the next 12 months, sales management's direct input into the advertising program, and the ad media they use. It also explored respondents' opinions about advertising's value to their marketing effort.

The highlights, at right, are based on 193 replies from industrial marketers, whose lines of business range from capital equipment and machine tools to drugs, packaging, and electronic devices. Among those who included their titles, 19% are vice presidents, 48% managers or directors, 9% national sales managers, and 9% regional sales managers. All of those whose companies advertise have direct input into their companies' advertising programs, and over half select the media used.

The 12% whose companies do not advertise said that

- Sales promotion is more effective (42%).
- Advertising is too costly (42%).
- We already know all potential customers (29%).
- We tried it and it didn't meet our objectives (8%).

Twenty-one percent of those whose companies don't advertise also mentioned other reasons for their companies' policy. Among them: "My boss doesn't believe in advertising." But if the decision to advertise were solely up to the respondents, 33% of the nonadvertisers say that they would advertise.

Business executives sometimes tell tales of ad campaigns that wreak havoc on either the advertiser or its competitors. So the survey asked, Has a particular ad campaign ever hurt your field sales effort? Nine percent said yes, with unpreparedness and bad timing blamed for most of the failures. Other causes of bad experiences include "misleading campaigns" by competitors, campaigns that caused confusion among the advertiser's customers and prospects, ads that gave the wrong information, and ads that created the wrong image for the advertiser.

Asked, What type of ads most effectively support your sales effort? 81% ranked product advertising first (see highlights). As the next article indicates though, purchasing executives don't necessarily agree with that. To see what they have to say about industrial advertising in general as well as about specific ads, turn the page. S&MM

Highlights from S&MM's survey on industrial advertising*

1. Does your company advertise?

Yes	88%
No	12

2. Who calls on your end user?

Our own sales force	78%
Distributors	44
Independent reps	30

3. Approximate annual sales of your company or division?

	Total sample	*Percent that advertises*
$10 million or less	30%	81%
$11–$25 million	17	82
$26–$50 million	19	89
$51–$100 million	11	86
$101–$500 million	12	100
$501 million or over	7	100
No answer	5	—

The following questions were asked only of the 169 respondents whose companies advertise.

4. In what media does your company or division advertise?

Trade magazines	93%
Direct mail	67
Directories	65
Newspapers	15
Radio	12
TV	6
Outdoor	2

5. Does sales management in your company have any direct input into the advertising program?

Yes	92%
No	6

6. What is your contribution to the advertising program?

Suggest content	76%
Help to set objectives	75
Evaluate results	63
Select media	57
Select markets	54
Set budget	46
Set campaign timing	43
O.K. budget	28

7. Does advertising support your field sales efforts?

Yes	96%
No	1

8. If yes, how?

Keeps our name in front of the buyers	90%
Gets the word out on new products or product improvements	81
Provides leads for our sales reps and/or distributors	60
Helps to presell secondary buying influences	49
Helps us explain changing market conditions to our customers	12
Gets the word out on changes in company policy	10

9. In terms of content, what type of ads most effectively support your sales effort?
(Please rank in order of effectiveness.)

	RANK			
	First	*Second*	*Third*	*Fourth*
Product ads	81%	10%	1%	1%
Service ads	8	28	20	3
Corporate/image ads	6	23	26	4
Price ads	3	5	5	28

10. Do your sales reps use or refer to your ads in their presentations?

Yes	81%
No	17

11. What are your company's plans for advertising spending in the next 12 months?

Increase it	44%
By 9% or less	15
By 10%–19%	18
By 20% or more	10
Maintain current level	43
Decrease it	5

12. If the decision to advertise were up to you, would you:

Increase your advertising	63%
Continue it at about the same level	32
Decrease it	4
Cut it out all together	0

13. Has a particular ad campaign ever hurt your field sales effort?

Yes	9%
No	89

*Percentages may add up to more or less than 100 because of multiple answers and no answers.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

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